

**Fiscal Year 2010 DEQ Fee Proposal
Wetland Protection (Part 303) Fees
November 6, 2008**

Program Description. Part 303, Wetlands Protection, defines regulated wetlands and their importance to Michigan's citizens and provides a process for authorization of construction activities in wetlands where such impacts are unavoidable. The Land and Water Management Division (LWMD) reviews applications and coordinates with other state water programs and with the federal program, providing a streamlined permit process. The LWMD also provides assistance to landowners in identification of wetlands; promotes wetland restoration; provides for monitoring and assessment of wetland resources; and encourages public support through education and stewardship.

MCL Citation. MCL 324.30301

Last Fee Increase. The Part 303 permit fees have not been increased since 1998.

Who Pays the Fees? Funding for this program is provided by state General Fund/General Purpose money, federal funds from FEMA, and the Land and Water Management Division's (LWMD) permit fee revenues. Of the fee payers, 95 percent are private property owners, commercial and residential developers, business and industry. Other applicants include local, state and federal agencies such as the Department of Natural Resources, Michigan Department of Transportation, Natural Resources Conservation Service, and United States Forest Service.

Services Provided. Part 303 regulates filling, dredging, construction or maintenance of a use in a wetland, and draining a wetland. The LWMD reviews applications ranging in scale from construction of single-family residences to large commercial and industrial developments, highway construction, and mining. Approximately 1500–1800 wetland permit applications are processed each year. For a small cost, property owners may request that LWMD staff identify wetlands on a specific parcel through the LWMD's voluntary Wetland Identification Program.

Benefits of the Services Provided. Wetlands are an essential part of the state's water resources, and play a critical role in supporting fish and wildlife, protecting water quality, and providing flood control. Waterfowl are almost entirely dependent upon wetlands, and 90 percent of Great Lakes fish species make some use of coastal wetlands. Wetlands store floodwater; recharge groundwater; and filter sediment and other pollutants from storm water. The economic benefit of wetland "services" has been estimated at over \$10,000 *per acre per year*. Wetlands provide a multi-billion dollar annual benefit to Michigan. LWMD staff provide technical assistance to landowners to achieve project goals while avoiding the cumulative and permanent loss of wetlands. A wetland permit issued by the LWMD provides authorization that eliminates the need for a federal permit in most areas. LWMD's wetland program is integrated with other state programs including inland lakes, streams, Great Lakes shorelands, and floodplains. A property owner may obtain review and approval of a project under multiple state and federal statutes by submitting a single permit application. This is an exceptionally efficient program.

What Happens Without The Services? A federal permit would be required even if Michigan's program were eliminated. Reliance on the federal program would be expected to result in significant delays, especially for major projects, and to be far less responsive to other state programs (MDOT, MDA, MDNR), or to local ordinances or concerns. Staffing levels may not be increased at the federal level to address Michigan's program, and legal issues surrounding federal jurisdiction are causing significant delays for applicants nationally. Without the wetlands program and Michigan's federal authority, multiple permits would need to be obtained by the applicant from state and federal agencies.

Current Fee Revenue. The LWMD saves citizens time and money by providing one consolidated permit for up to six regulated activities. The charge for this permit equals the cost of the fee for the highest single permit, although the permit authorizes multiple regulated activities to take place. Therefore, it is not possible to project fees separately for wetland protection activities.

Proposed Fee Revenue. The current combined LWMD fee schedule yields approximately \$2 million annually, and the proposed increase will yield approximately \$3.2 million.

Service Improvements and Efficiencies. The LWMD is continuing to make significant advances in the use of Geographic Information System (GIS) technology to improve the availability of mapped information regarding wetland resources and their public benefits. Where a project can be reviewed using information gathered through GIS tools, a staff review may be done without an on-site investigation, reducing time and costs. General Permit categories have been developed to expedite permit processing. The LWMD has also maximized the use of internet resources to provide assistance to permit applicants. Processes have been developed to consistently assess the range of wetland impacts associated with applications. While the LWMD has implemented many of the Value Stream Mapping (VSM) process improvements recommended by the stakeholder/ DEQ permit review team, full implementation is not possible without additional staff resources, as identified by the VSM team.

Service Reductions. Over the past year and a half the LWMD conducted an extensive internal review of available resources and workload requirements. Concurrently, with this review, the LWMD was the subject of a nine month evaluation by the Director's Environmental Advisory Council (EAC). Both efforts identified a critical imbalance between workload and available resources. A workload reduction plan has been implemented, with full EAC support, to better align staff work efforts with priority duties in the division. Service reductions include discontinuation of site visits during minor permit reviews, no response to complaints from the public that fit the LWMD low priority category, and severely limited outreach to the regulated community.

Impact Without Fee Increase. At a minimum, the level of service available will be limited. Should a lack of funding require that the Wetland Protection Program be eliminated in order to sustain other LWMD programs, the impacts will be as follows:

Significant additional costs and delays will accrue for applicants. Less attention will be given to state resource concerns, and coordination with other state and local programs will be limited. Any resulting loss of wetlands may deprive the state of flood and stormwater control, water quality protection, fish and wildlife habitat, erosion control, and groundwater recharge. The economic impacts of such losses are cumulative and significant, and include lost recreational values (in particular impacts to hunting, fishing, and wildlife watching, which together contribute over one billion dollars annually to Michigan's economy), and damage associated with flooding.

A portion of the fee request is to allow the division to upgrade the permitting database which is over 20 years old, as well as to integrate the various other databases that have been created to supplement this antiquated system. The current database is not capable of being upgraded and does not allow the information tracking that is necessary to comply with current statutes, respond to requests relative to LWMD programs from internal or external interests, nor to easily respond to legislative reports and inquiries. Without an update, the database will continue to be out of compliance relative to security and financial control issues.

**Proposed Fee Schedule
Wetland Protection Program**

ACTIVITY	CURRENT FEES	2009-2010 PROPOSED FEES
General Permit Category	\$100	\$200
Minor Projects	New	\$350
All Other Projects (0 to ½ acre)	\$500	\$2,300
Major Ecological Restoration for state, federal and nonprofit conservation agencies or organizations	New	\$750
Wetland Impacts ½ Acre to 1 Acre	New	\$7,500
Wetland Impacts for each additional ½ acre or fraction thereof over the first acre (not to exceed \$25,000)	New	\$2,500
Pre-application Meeting – In Office for a Single Residential Lot < 1 acre	\$0	\$0
Pre-application Meeting - On-Site for a Single Residential Lot < 1 acre	\$100	\$100
Pre-application Meeting – In Office for all other projects	\$150	\$150
Pre-application Meeting - On-Site for all other projects	\$250 plus \$50 for each additional acre (not to exceed \$1,000)	\$250 plus \$50 for each additional acre (not to exceed \$1,000)
Minor Permit Revision / Transfer	\$250	\$300
Major Project Categories for 10,000 cyds. of Fill, Golf Courses, Subdivisions, and Condominiums	\$2,000	Delete category. Fees will be assessed based on appropriate project category above.